


Scandi Standard

Interim report, second quarter 2014

21 August 2014

Sales and income for the quarter in line with outlook

Second quarter compared to pro forma 2013

- Net sales increased by 1 percent to 1,302.9 (1,290.2) MSEK, but decreased by 2 percent at constant FX, impacted by the previously communicated termination of a major contract in Norway.
- Adjusted* operating income decreased to 76.3 (90.3) MSEK, mainly due to the termination of the contract in Norway.
- Adjusted* income for the period amounted to 22.2 (40.7) MSEK, and adjusted* earnings per share were 0.44 (0.81) SEK.
- Adjusted* operating cash flow increased to 186.6 (79.8) MSEK, mainly driven by a reduction of inventories.
- Scandi Standard's shares were listed on NASDAQ OMX Stockholm on 27 June.
- A new credit facility has been established, which will substantially reduce annual interest costs.
- Acquisition of Bosarpskyckling AB, the leading producer of organic chicken in Sweden, was announced on August 20. See page 8.
- Outlook for the full year 2014 remains unchanged. See page 4.

MSEK	Q2 2014	Pro forma Q2 2013	Change	H1 2014	Pro forma H1 2013	Change
Net sales	1,302.9	1,290.2	1%	2,656.3	2,571.9	3%
Operating income	36.9	87.7	-58%	107.3	31.6	240%
Income for the period	-48.2	39.6	-	-18.9	-51.9	-
Adjusted* EBITDA	119.3	131.6	-9%	239.4	245.6	-3%
Adjusted* operating income	76.3	90.3	-16%	154.9	164.7	-6%
Adjusted* operating margin	5.9%	7.0%	-	5.8%	6.4%	-
Adjusted* income for the period	22.2	40.7	-46%	57.9	51.0	14%
Adjusted* EPS	0.44	0.81	-46%	1.15	1.02	13%
Adjusted operating cash flow	186.6	79.8	134%	307.5	186.5	65%

*) Adjusted for non-comparable items of 39.4 MSEK in operating income mainly related to the IPO, and 51,0 MSEK in non-cash finance costs related to the write-off of arrangement fees for the old credit facility. See page 4.

Scandi Standard AB is the leading Scandinavian chicken specialist selling a broad range of high quality and innovative chicken products under well-known brands such as Kronfågel, Danpo and Den Stolte Hane, as well as for private label. Chilled and frozen chicken and egg products are sold to customers within retail, foodservice, industry and export sectors, with retail being the largest. The Group was formed in June 2013 by the combination of two businesses, Kronfågel Holding and Cardinal Foods, uniting three long-established country operations in Sweden, Denmark and Norway.

CEO Statement

I am pleased to present our first quarterly report following the successful completion of the Initial Public Offering (IPO) and listing of the Company on NASDAQ OMX Stockholm on 27 June.

Trends in net sales and operating income during the quarter were generally in line with our expectations. Demand for our products continued with solid growth. Adjusted for the terminated contract in Norway, Group net sales increased by 11 percent over the same period last year.

The Swedish operation reported strong growth in net sales and operating income in the quarter. The margin in Sweden was also positively affected by improved productivity following the investments in new production equipment made during 2013. We are also pleased to announce that we have signed a new contract in Sweden with the hamburger chain MAX. Trends in Denmark were less favourable due to continued price pressure, particularly on exports which account for the majority of sales for the Danish company. In Norway, following the termination of the ICA contract, we have added a number of new product listings with major customers. Excluding ICA, net sales in Norway increased by 12 percent in the quarter.

In terms of sales by product category, frozen products outgrew chilled in the quarter. This was mainly due to the high proportion of chilled products sold to ICA Norway last year as well as our focus this year on reducing inventories of frozen products through marketing campaigns in both Sweden and Denmark. Excluding ICA Norway, Group sales of chilled products increased by 9 percent. Longer term we still expect to achieve a higher proportion of sales in chilled products where margins are higher than in frozen, as we continue to capitalize on our strengths in product and brand development. A good example of this is the recent successful launch of *Minutfilé* in Sweden. We will also start to sell this product in both Denmark and Norway in the third quarter.

Income in the quarter was negatively affected by non-comparable items, including costs for the IPO and for the write-off of arrangement fees for the old credit facility. Adjusted for these costs, operating income and margin declined as compared to an unusually strong second quarter in 2013. For the first half, adjusted operating income decreased by 6 percent but equalled 49 percent of operating income for the full year 2013 pro forma.

Cash flow was strong both for the quarter and the first half, mainly driven by a reduction in working capital. Since year-end 2013 working capital has been reduced from 9.4 percent to 6.3 percent of net sales.

Yesterday we announced the acquisition of Bosarpskyckling AB, the leading Swedish producer of organic chicken, a segment that is growing rapidly. The acquisition complements Kronfågel's existing product range and will further strengthen our position in the premium segment. Bosarp had sales of 25 MSEK in 2013 and will be accretive to income from the outset.

Our outlook for the full year is unchanged and we still expect adjusted operating income to be in line with or higher than 2013 pro forma.

Leif Bergvall Hansen
Managing Director and CEO

Net sales and income

Net sales for the second quarter of 2014 increased by 1 percent to 1,302.9 (1,290.2) MSEK compared to the corresponding period last year pro forma. At constant exchange rates, net sales decreased by 2 percent. The contract with ICA Norway was terminated as of 1 April 2014 (as communicated in the first quarter report), which negatively affected sales for the second quarter.

Net sales in Sweden increased by 17 percent over the same period last year, while net sales in local currency declined by 4 percent in Denmark and by 20 percent in Norway respectively. By product category, sales of frozen products increased, as inventory was reduced, while sales of chilled products and eggs were lower than in the previous year pro forma. Excluding ICA Norway last year, Group sales in the quarter increased by 11 percent, Group sales of chilled products increased by 9 percent and sales in Norway increased by 12 percent.

Operating income amounted to 36.9 (87.7), including non-comparable items of 39.4 (2.6) MSEK. For a description of non-comparable items, see table on page 4. Adjusted for these non-comparable items operating income was 76.3 (90.3), corresponding to an adjusted operating margin of 5.9 (7.0) percent. The decline in margin was due to the termination of the ICA Norway contract.

Adjusted income for the period amounted to 22.2 (40.7) MSEK. Adjusted earnings per share were 0.44 (0.81) SEK.

Financial summary								
MSEK	Q2 2014	Pro forma Q2 2013	Change	H1 2014	Pro forma H1 2013	Change	Pro forma LTM ¹⁾	Pro forma 2013
Net sales	1,302.9	1,290.2	1%	2,656.3	2,571.9	3%	5,276.8	5,192.4
Operating income	36.9	87.7	-58%	107.3	31.6	240%	238.6	162.9
Income for the period	-48.2	39.6	-	-18.9	-51.9	-	195.9	162.9
Adjusted EBITDA ²⁾	119.3	131.6	-9%	239.4	245.6	-3%	472.8	479.0
Adjusted EBITDA margin ²⁾	9.2%	10.2%	-	9.0%	9.5%	-	9.0%	9.2%
Adjusted operating income ²⁾	76.3	90.3	-16%	154.9	164.7	-6%	307.4	317.2
Adjusted operating margin ²⁾	5.9%	7.0%	-	5.8%	6.4%	-	5.8	6.1%
Adjusted income after finance net ^{2,3)}	33.8	56.3	-40%	77.1	92.3	-17%	151.1	166.3
Adjusted income for the period ^{2,3,4)}	22.2	40.7	-46%	57.9	51.0	14%	96.1	89.2
Adjusted EPS ^{2,3,4)}	0.44	0.81	-46%	1.15	1.02	13%	2.67	1.78
Adjusted return on operating capital	-	-	-	-	-	-	15.9%	-
Adjusted return on capital employed	-	-	-	-	-	-	12.7%	-

1) Last Twelve Months (LTM) refers to the period July 2013 - June 2014

2) 2-4, see table below.

The ROC and ROCE figures for 2013 pro forma have not been prepared due to the complete change of the capital structure of the Group.

Non-comparable items

Non-comparable items in EBITDA and operating income	Q2 2014	Q2 2013	H1 2014	H1 2013	Pro forma LTM	Pro forma 2013
IPO costs*	-29.5	-	-33.0	-	-33.0	-
Transition costs**	-7.5	-0.4	-8.8	-0.4	-18.1	-9.7
Monitoring fees***	-5.8	-	-5.8	-	-7.6	-1.8
PPA****	-	-14.1	-	-147.1	-3.7	-150.8
Pension revaluation	3.4	11.9	-	14.4	-6.4	8.0
²⁾ Total	-39.4	-2.6	-47.6	-133.1	-68.8	-154.3
Non-comparable items in finance net						
³⁾ Refinancing*****	-51.0	-	-51.0	-	-51.0	-
⁴⁾ Tax effect on adjustments	19.9	1.4	21.8	30.1	26.7	35.0

*) Non-recurring costs related to the IPO.

**) Transition costs related to the carve-out of the Swedish and Danish operations from Lantmännen, e.g IS/IT costs, which process is largely complete.

***) Monitoring fees charged by prior owners, which ceased at the time of the IPO.

****) Revaluation of acquired stock and contracts (PPA) following the acquisitions in 2013 by Scandi Standard. These costs are non-recurring.

*****) Non-recurring write-off of arrangement fees related to the old credit facility.

Outlook

The outlook for the full year was published on 30 May and remains unchanged. Net sales for the full year 2014 are expected to be in line with or lower than 2013 pro forma. Adjusted operating income for the full year 2014 is expected to be in line with or higher than 2013 pro forma as further production efficiencies are expected to support profit margins in the second half of 2014.

Segment information

Sweden

MSEK	Q2 2014	Pro forma Q2 2013	Change	H1 2014	Pro forma H1 2013	Change	Pro forma LTM	Pro forma 2013
Net sales	524.9	449.3	17%	1,023.4	936.2	9%	1,970.6	1,883.4
Adjusted operating income*	30.6	21.9	40%	50.1	46.4	8%	78.6	74.9
Adjusted operating margin*	5.8%	4.9%	-	4.9%	5.0%	-	4.0%	4.0%

*) For a description of adjustments, see page 12.

Net sales for the Swedish operation increased by 17 percent to 524.9 (449.3) MSEK. Sales benefitted from the timing of Easter. Frozen products benefitted from campaigns run during the period to reduce inventories and sales of chilled products showed good growth following the successful launch of *Minutfilé* in the first quarter.

The adjusted operating income improved by 40 percent to 30.6 (21.9) MSEK, corresponding to a margin of 5.8 (4.9) percent. For the first half, which is more comparable because of Easter, adjusted operating income increased by 8 percent. In addition to higher sales volumes, increased productivity from investments made in 2013 also had a positive effect on the margin.

A new contract was signed during the quarter with the Swedish hamburger chain MAX for the delivery of chicken burgers and nuggets.

Denmark

MSEK	Q2 2014	Pro forma Q2 2013	Change	H1 2014	Pro forma H1 2013	Change	Pro forma LTM	Pro forma 2013
Net sales	523.0	516.9	1%	1,070.0	1,017.6	5%	2,118.9	2,066.5
Adjusted operating income*	23.7	28.0	-15%	47.6	45.5	5%	97.4	95.3
Adjusted operating margin*	4.5%	5.4%	-	4.4%	4.5%	-	4.6%	4.6%

MDKK	Q2 2014	Pro forma Q2 2013	Change	H1 2014	Pro forma H1 2013	Change	Pro forma LTM	Pro forma 2013
Net sales	431.3	450.1	-4%	892.1	889.5	0%	1,784.3	1,781.7
Adjusted operating income*	19.8	24.5	-19%	39.7	39.8	0%	82.1	82.2
Adjusted operating margin*	4.5%	5.4%	-	4.4%	4.5%	-	4.6%	4.6%

*) For a description of adjustments, see page 12.

Net sales increased by 1 percent to 523.0 (516.9) MSEK, but decreased by 4 percent in local currency. Sales volumes were up in both the chilled and the frozen categories, but this was more than offset by lower prices on chilled products in the local market and on frozen products in export markets.

Well-received product launches in the Danish market during the second quarter of 2014 included *Corn Chicken* and *Chilled Rotisserie chicken BBQ*.

The adjusted operating income amounted to 23.7 (28.0) MSEK, corresponding to a margin of 4.5 (5.4) percent. Price competition as well as a reduction of inventories sold at lower prices negatively impacted the margin during the period.

Norway

MSEK	Q2 2014	Pro forma Q2 2013	Change	H1 2014	Pro forma H1 2013	Change	Pro forma LTM	Pro forma 2013
Net sales	307.0	391.3	-22%	681.9	772.2	-12%	1,448.3	1,538.6
Adjusted operating income*	28.1	48.6	-42%	70.5	85.8	-18%	147.4	162.7
Adjusted operating margin*	9.2%	12.4%	-	10.3%	11.1%	-	10.2%	10.6%

MNOK	Q2 2014	Pro forma Q2 2013	Change	H1 2014	Pro forma H1 2013	Change	Pro forma LTM	Pro forma 2013
Net sales	277.3	347.4	-20%	630.8	680.3	-7%	1,337.3	1,386.8
Adjusted operating income*	26.0	42.8	-39%	65.2	75.6	-14%	136.3	146.6
Adjusted operating margin*	9.2%	12.4%	-	10.3%	11.1%	-	10.2%	10.6%

*) For a description of adjustments, see page 12.

Net sales declined by 22 percent to 307.0 (391.3) MSEK, as a result of the termination of the contract with ICA Norway as of 1 April 2014. The decline was partly offset by new product listings with other major customers. Excluding sales to ICA, net sales in the quarter increased by 12 percent.

A total of 14 summer season products were launched in the retail market, both branded and for private label.

The adjusted operating income declined to 28.1 (48.6) MSEK, corresponding to a margin of 9.2 (12.4) percent. The decline in margin was due to the termination of the ICA contract. Measures to achieve further cost efficiencies are beginning to be implemented, based on best practice from Denmark and Sweden.

Cash flow and investments

Adjusted operating cash flow increased to 186.6 (79.8) MSEK in the second quarter and to 307.5 (186.5) MSEK in the first half. The improvement mainly reflects a targeted reversal of the inventory increase in the second half of last year. Changes in other working capital also contributed.

Working capital as of 30 June 2014 amounted to 332.9 (485.6) MSEK, corresponding to 6.3 percent of net sales (LTM) compared to 9.4 percent at year-end.

Capital expenditure was lower than last year pro forma both for the quarter and the first half. Projects planned for 2014 are phased towards the second half of the year.

Adjusted operating cash flow	Q2 2014	Pro forma Q2 2013	H1 2014	Pro forma H1 2013
MSEK				
Adjusted EBITDA*)	119.3	131.6	239.4	245.6
Capital expenditure	-27.7	-50.4	-42.0	-93.0
Change in inventories	39.8	-35.8	84.2	-14.4
Change in other working capital	55.1	34.4	25.8	55.2
Adjusted operating cash flow	186.6	79.8	307.5	193.4

*) For a description of adjustments, see page 4.

Financial position

Net interest-bearing debt as of 30 June 2014 amounted to 1,460.5 MSEK compared to 1,593.9 MSEK at year-end 2013 (excluding shareholders loans on which interest was accrued but not paid and which were converted to equity on IPO).

Net debt/EBITDA amounted to 3.1x EBITDA (LTM) compared to 3.3x EBITDA pro forma at year-end 2013. Cash and cash equivalents amounted to 231.9 MSEK compared to 71.8 MSEK at year-end. Total equity increased to 822.2 MSEK from 432.4 at year-end, mainly due to the conversion of the shareholder loans on IPO.

Refinancing

As of 2 July 2014, a new five-year loan arrangement with a coalition of banks was available consisting of a term loan of 750 MSEK, a revolving credit facility of 750 MSEK and an overdraft facility of 400 MSEK. The covenants on the new credit facility require net debt/EBITDA to be less than 3.5x EBITDA until June 2015 and thereafter less than 3x EBITDA. Interest coverage ratio has to be above 2x interest cost.

The average interest rate on the bank loans in 2013 was 6.5 percent. The interest rates on the new loans are based on STIBOR plus a margin. At current interest rates, a blended average cost of less than 3 percent per annum is expected. For more details see note 4 on page 25.

IPO and listing on NASDAQ OMX

Scandi Standard's shares were listed on NASDAQ OMX Stockholm Exchange, Mid Cap list on 27 June, 2014. The share is traded under the symbol SCST.

The offering comprised 39,039,577 shares, including the exercise of the over-allotment option, corresponding to in aggregate 65 percent of the total number of shares outstanding in the Company. The final price was set at SEK 40 per share, corresponding to a total value of the offering of approximately 1,562 MSEK and a total market value of all shares in the company of approximately 2,402 MSEK.

Personnel

The average number of employees (FTE) was 1,659 (1,523) in the quarter and 1,627 (1,582) in the first half.

Risks and uncertainties

Scandi Standards' risks and uncertainties are described on pages 13-20 in the IPO prospectus which is available on www.scandistandard.com. No significant changes have taken place that have changed the view of the risks and uncertainties.

Transactions with related parties

Prior to the IPO the Company had shareholder loans from the principal owners. The vendor loan from Lantmännen was repaid out of the new credit facility on 2 July 2014 and appears on the balance sheet as of 30 June at a value of 147.2 MSEK including accrued interest. The PIK note loans from all shareholders were converted to equity, including accrued interest, as of June 27 in the amount of 381.3 MSEK.

In 2014, monitoring fees were due to the previous owners CapVest and Lantmännen in the amount of 5.8 MSEK (-). The monitoring fees agreement ceased at the time of the IPO.

Scandi Standard has agreements with Lantmännen for the rental of the facilities in Valla and Åsljunga. In the second quarter 2014, rental costs under these agreements were 3.2 MSEK. In addition, the Company has a transition services agreement with Lantmännen regarding IT related services, for which 2.1 MSEK was due for the quarter.

The parent company had purchases from its subsidiaries in the amount of 0 MSEK.

Significant events after the close of the period

On 20 August, Scandi Standard signed an agreement to acquire Bosarpskyckling AB, the leading producer of organic chicken in Sweden. The company had sales of 25 MSEK in 2013. The acquisition will complement Kronfågel's existing product range and will further strengthen the company's position in the premium segment. The purchase price of a maximum of 33 MSEK, on a debt-free basis, will be paid in cash. The acquisition is expected to be completed during the third quarter. There will be synergy benefits and the acquisition will be accretive to income from the outset.

This is a translation of the original Swedish version published on www.scandistandard.com.

Board of Director's assurance

This interim report for the second quarter and first half of 2014 provides a fair overview of the operations, position and results of the Parent Company and the Group, and describes material risks and uncertainties faced by the Parent Company and the companies that are included in the Group.

Stockholm, 20 Augusti 2014

Per Harkjær
Chairman of the Board

Alexander Noel Walsh
Board member

Heléne Vibbleus
Board member

Penelope Kate Briant
Board member

Ulf Anders Gundemark
Board member

Karsten Slotte
Board member

Michael Parker
Board member

Leif Bergvall Hansen
Board member
Managing Director and CEO

This report has been subject to special review by the Company's auditors.

Report of Review of Interim Financial Information

Introduction

We have reviewed this report for the period 1 January 2014 to 30 June 2014 for Scandi Standard AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 20 August 2014

Öhrlings PricewaterhouseCoopers AB

Bo Lagerström
Authorized Public Accountant

Segment information compared to pro forma 2013

Net sales								
MSEK	Q2 2014	Pro forma Q2 2013	Change	H1 2014	Pro forma H1 2013	Change	Pro forma LTM	Pro forma 2013
Sweden	524.9	449.3	17%	1 023.4	936.2	9 %	1 970.6	1 883.4
Denmark	523.0	516.9	1%	1 070.0	1 017.6	5%	2 118.9	2 066.5
Norway	307.0	391.3	-22%	681.9	772.2	-12%	1 448.3	1 538.6
Intra-group eliminations	-52.0	-67.3	-23%	-119.0	-154.1	-23%	-261.0	-296.1
Total net sales	1 302.9	1 290.2	1%	2 656.3	2 571.9	3%	5 276.8	5 192.4

Net sales								
Local currency	Q2 2014	Pro forma Q2 2013	Change	H1 2014	Pro forma H1 2013	Change	Pro forma LTM	Pro forma 2013
Denmark	431.3	450.1	-4%	892.1	889.5	-	1 784.3	1 781.7
Norway	277.3	347.4	-20%	630.8	680.3	-7%	1 337.3	1 386.8
Group	-	-	-2%	-	-	-1%	-	-

Net sales by product category								
MSEK	Q2 2014	Pro forma Q2 2013	Change	H1 2014	Pro forma H1 2013	Change	Pro forma LTM	Pro forma 2013
Chilled	532.0	566.0	-6%	1 099.6	1 123.4	-2%	2 039.2	2 063.0
Frozen	616.4	574.3	7%	1 191.1	1 118.0	7%	2 477.9	2 404.8
Eggs	83.8	111.6	-25%	188.7	224.8	-16%	414.4	450.5
Other*	70.7	38.3	85%	176.9	105.7	67%	345.3	274.1
Total net sales	1 302.9	1 290.2	1%	2 656.3	2 571.9	3%	5 276.8	5 192.4

*Relates mainly to Swehatch sales of day old chickens to farmers.

Net sales by product category			
Change in local currency	Q2 2014 vs Pro forma Q2 2013	H1 2014 vs Pro forma H1 2013	
Chilled	-4%	3%	
Frozen	6%	6%	
Eggs	-24%	-12%	

Adjusted operating income								
MSEK	Q2 2014	Pro forma Q2 2013	Change	H1 2014	Pro forma H1 2013	Change	Pro forma LTM	Pro forma 2013
Sweden	30.6	21.9	40%	50.1	46.4	8%	78.6	74.9
Denmark	23.7	28.0	-15%	47.6	45.5	5%	97.4	95.3
Norway	28.1	48.6	-42%	70.5	85.8	-18%	147.4	162.7
Group items	-6.1	-8.2	-	-13.3	-13.0	-	-16.0	-15.7
Total	76.3	90.3	-16%	154.9	164.7	-6%	307.4	317.2

Adjusted operating income								
Local currency	Q2 2014	Pro forma Q2 2013	Change	H1 2014	Pro forma H1 2013	Change	Pro forma LTM	Pro forma 2013
Denmark	19.8	24.5	-19%	39.7	39.8	-0%	82.1	82.2
Norway	26.0	42.8	-39%	65.2	75.6	-14%	136.3	146.6

Adjustments to operating income								
MSEK	Q2 2014	Pro forma Q2 2013		H1 2014	Pro forma H1 2013		Pro forma LTM	Pro forma 2013
Sweden	0.2	-0.4		-5.5	-0.4		-10.7	-5.6
Denmark	-1.3	0.0		-1.4	0.0		-3.7	-2.3
Norway	-0.7	-14.0		-0.7	-14.0		-4.0	-17.3
Group	-37.6	11.8		-40.0	-118.7		-50.4	-129.1
Total	-39.4	-2.6		-47.6	-133.1		-68.8	-154.3

Operating income								
MSEK	Q2 2014	Pro forma Q2 2013		H1 2014	Pro forma H1 2013		Pro forma LTM	Pro forma 2013
Sweden	30.8	21.5		44.6	46.0		67.9	69.3
Denmark	22.4	28.0		46.2	45.5		93.7	93.0
Norway	27.4	34.6		69.8	71.8		143.4	145.4
Group items	-4.3	6.2		-5.7	1.4		2.4	9.5
Non-comparable items	-39.4	-2.6		-47.6	-133.1		-68.8	-154.3
Total	36.9	87.7		107.3	31.6		238.6	162.9

Finance net	-93.5	-34.0		-128.8	-72.4			
Income tax expense	8.4	-14.1		2.6	-11.1			
Income for the period	-48.2	39.6		-18.9	-51.9			

Consolidated income statement compared to pro forma 2013

MSEK	Q2 2014	Pro forma Q2 2013	H1 2014	Pro forma H1 2013
Net sales	1,302.9	1,290.2	2,656.3	2,571.9
Other operating revenues	6.0	7.7	9.8	11.7
Changes in inventories of finished goods and work in progress	-43.3	82.2	-80.3	32.0
Raw materials and consumables	-738.0	-836.1	-1 506.2	-1 621.0
Cost of personnel	-231.0	-210.6	-464.4	-417.8
Depreciation, amortization and impairment	-43.0	-41.3	-84.5	-81.1
Other operating expenses	-216.7	-204.4	-423.4	-464.3
Share of income of associates	-	-	-	0.2
Operating income	36.9	87.7	107.3	31.6
Finance income	0.1	-0.5	0.2	0.0
Finance expenses	-93.6	-33.5	-129.0	-72.4
Income after finance net	-56.6	53.7	-21.5	-40.8
Income tax expense	8.4	-14.1	2.6	-11.1
Income for the period	-48.2	39.6	-18.9	-51.9
Whereof attributable to shareholders of the Parent Company	-48.2	39.6	-18.9	-51.9
Average number of shares ¹⁾	50 596 818	50 071 673 ²⁾	50 335 696	50 071 673 ²⁾
Earnings per share, SEK	-0.95	0.79	-0.38	-1.04
Number of shares at the end of the period	60 060 890	50 071 673 ²⁾	60 060 890	50 071 673 ²⁾
1) No dilution effect in number of shares				
2) Adjusted for the reversed split 27 June 2014				

Consolidated statement of other comprehensive income compared to pro forma 2013

MSEK	Q2 2014	Pro forma Q2 2013	H1 2014	Pro forma H1 2013
Income for the period	-48.2	39.6	-18.9	-51.9
Other comprehensive income				
Items that will not be reclassified to the income statement				
Actuarial gains and losses in defined benefit pension plans	-3.5	15.2	-3.5	15.2
Tax on actuarial gains and losses	0.8	-3.3	0.8	-3.3
Total	-2.7	11.9	-2.7	11.9
Items that will or may be reclassified to the income statement				
Cash flow hedges	0.2	4.5	-0.8	2.1
Currency effects from conversion of foreign operations	35.9	11.9	50.4	5.8
Income from currency hedging of foreign operations	-21.6	-3.3	-33.4	-3.3
Tax attributable to items that will be reclassified to the income statement	4.7	-0.4	7.6	0.2
Total	19.2	12.7	23.8	4.8
Other comprehensive income for the period, net of tax	16.5	24.6	21.1	16.7
Total comprehensive income for the period	-31.7	64.2	2.2	-35.2
Whereof attributable to shareholders of the Parent Company	-31.7	64.2	2.2	-35.2

Consolidated income statement compared to actual figures for 2013

MSEK	Q2 2014	3-30 June 2013	H1 2014	3-30 June 2013
Net sales	1,302.9	411.1	2,656.3	411.1
Other operating revenues	6.0	2.1	9.8	2.1
Changes in inventories of finished goods and work in progress	-43.3	22.9	-80.3	22.9
Raw materials and consumables	-738.0	-297.2	-1,506.2	-297.2
Cost of personnel	-231.0	-49.5	-464.4	-49.5
Depreciation, amortization and impairment	-43.0	-13.8	-84.5	-13.8
Other operating expenses	-216.7	-148.5	-423.4	-148.5
Operating income	36.9	-72.9	107.3	-72.9
Finance income	0.1	0.0	0.2	0.0
Finance expenses	-93.6	-10.8	-129.0	-10.8
Income after finance net	-56.6	-83.7	-21.5	-83.7
Income tax expense	8.4	-1.0	2.6	-1.0
Income for the period	-48.2	-84.7	-18.9	-84.7
Whereof attributable to shareholders of the Parent Company	-48.2	-84.7	-18.9	-84.7
Average number of shares ¹	50,596,818	9,276,606 ²	50,335,696	9,276,606 ²
Earnings per share, SEK	-0.95	-9.13	-0.38	-9.13
Number of shares at the end of the period	60,060,890	50,071,673 ²	60,060,890	50,071,673 ²
1) No dilution effect in number of shares				
2) Adjusted for the reversed split 27 June 2014				

Consolidated statement of other comprehensive income compared to actual figures 2013

MSEK	Q2 2014	3 - 30 Jun 2013	H1 2014	3 - 30 Jun 2013
Income for the period	-48.2	-84.7	-18.9	-84.7
Other comprehensive income				
Items that will not be reclassified to the income statement				
Actuarial gains and losses in defined benefit pension plans	-3.5	-	-3.5	-
Tax on actuarial gains and losses	0.8	-	0.8	-
Total	-2.7	-	-2.7	-
Items that will or may be reclassified to the income statement				
Cash flow hedges	0.2	2.3	-0.8	2.3
Currency effects from conversion of foreign operations	35.9	7.4	50.4	7.4
Income from currency hedging of foreign operations	-21.6	-3.4	-33.4	-3.4
Tax attributable to items that will be reclassified to the income statement	4.7	0.2	7.6	0.2
Total	19.2	6.5	23.8	6.5
Other comprehensive income for the period, net of tax	16.5	6.5	21.1	6.5
Total comprehensive income for the period	-31.7	-78.2	2.2	-78.2
Whereof attributable to shareholders of the Parent Company	-31.7	-78.2	2.2	-78.2

Consolidated statement of financial position

MSEK	30 June 2014	31 Dec 2013	30 June 2013
Assets			
Non-current assets			
Goodwill	606.7	589.7	601.1
Other intangible assets	530.8	528.0	549.1
Property plant and equipment	778.0	798.0	796.1
Participations in associated companies	39.1	38.7	37.6
Deferred tax assets	125.0	90.0	103.4
Financial assets	5.7	6.7	5.9
Surplus in funded pension plans	5.7	4.9	-
Other fixed assets	-	-	-
Total non-current assets	2,091.0	2,056.0	2,093.2
Current assets			
Inventory	551.7	624.4	547.4
Trade receivables and other receivables	429.0	496.2	591.5
Tax receivables	4.7	-	-
Short term investments	1.2	1.0	1.3
Cash and cash equivalents	231.9	71.8	125.0
Total current assets	1,218.5	1,193.4	1,265.2
Total assets	3,309.5	3,249.4	3,358.4
Shareholder 's equity			
Share capital	0.6	0.0	0.0
Other contributed equity	888.7	500.7	500.7
Reserves	31.2	4.2	6.4
Retained earnings	-98.3	-72.5	-84.6
Total equity	822.2	432.4	422.5
Liabilities			
Non-current liabilities			
Non-current interest bearing liabilities	1,470.2	1,423.7	1,507.5
Shareholder loans	-	348.3	348.3
Provisions for pensions	2.5	3.0	5.8
Deferred tax liabilities	140.8	139.0	146.6
Other non-current provisions	2.6	2.0	2.7
Non-interest bearing liabilities	-	23.0	-
Total non-current liabilities	1,616.1	1,939.0	2,010.9
Current liabilities			
Current interest bearing liabilities	223.4	243.0	154.5
Trade payables and other current liabilities	611.9	595.0	721.8
Tax payables	35.9	40.0	48.7
Total current liabilities	871.2	878.0	925.0
Total equity and liabilities	3,309.5	3,249.4	3,358.4

Consolidated statement of changes in equity

MSEK

Opening balance 3 June 2013	500.7
Income for the period	-84.7
Other comprehensive income net of tax	6.5
Total comprehensive income	-78.2
Total transactions with the owners	-
Closing balance 30 June 2013	422.5
Opening balance 1 January 2014	432.4
Income for the period	-18.9
Other comprehensive income net of tax	21.1
Total comprehensive income	2.3
New share issue	6.2
Set-off of shareholder loans	381.3
Total transactions with the owners	387.6
Closing balance 30 June 2014	822.2

Consolidated statement of cash flows

MSEK	Q2 2014	H1 2014	3 -30 June 2013
Operating activities			
Operating income	36.9	107.3	-72.9
Adjustment for non-cash items	40.0	80.5	52.9
Paid finance items net	-21.0	-49.3	-0.2
Paid current income tax	-19.3	-38.0	-
Cash flows from operating activities before changes in operating capital	36.6	100.5	-20.2
Changes in inventories	39.8	84.2	-15.3
Changes in operating receivables	10.4	18.4	-97.2
Changes in operating payables	44.7	7.4	126.1
Cash flows from operating activities	131.5	210.5	-6.6
Investing activities			
Acquisition or business combination	-	-	-1,940.9
Investment in property, plant and equipment	-27.7	-42.0	-18.6
Sales of fixed assets	-	-	0.3
Cash flows used in investing activities	-27.7	-42.0	-1,959.2
Financing activities			
New share issue	6.2	6.2	500.7
Net change in external loans	-1.5	-18.4	1,590.1
Cash flows from financing activities	4.7	-12.2	2,090.8
Cash flows for the period	108.5	156.3	125.0
Cash and cash equivalents at beginning of the period	120.7	71.8	-
Currency effect in cash and cash equivalents	2.7	3.8	-
Cash flow for the period	108.5	156.3	125.0
Cash and cash equivalents at the end of the period	231.9	231.9	125.0

The cash flow for Q2 2013 pro forma has not been prepared due to the complete change in the capital structure of the Group. An adjusted operating cash flow comparison is presented on page 6.

Parent company income statement

MSEK	H1 2014	Feb-Jun 2013
Net sales	-	-
Operating expenses	-5.8	-
Operating income	-5.8	-
Finance net	4.3	-1.1
Profit before income tax	-1.5	-1.1
Total income tax expense	-1.1	0.7
Income for the period	-2.6	-0.4

Parent company statement of comprehensive income

MSEK	Jan-Jun 2014	Feb-Jun 2013
Income for the period	-2.6	-0.4
Other comprehensive income	-	-
Total comprehensive income for the period	-2.6	-0.4

Parent company statement of financial position

MSEK	30 June 2014	31 December 2013	30 June 2013
Assets			
Investments in subsidiaries	532.7	532.7	532.7
Receivables on Group entities	500.6	477.7	451.3
Total non-current assets	1,033.3	1,010.4	984.0
Other current receivables	-	-	3.8
Cash and cash equivalents	9.5	-	-
Total current assets	9.5	-	3.8
Total assets	1,042.8	1,010.4	987.8
Equity			
Share capital	0.6	-	-
Share premium reserve	887.6	500.7	500.7
Retained earnings	-1.0	-	0.2
Income for the period	-2.6	-1.0	-0.4
Total equity	884.6	499.7	500.3
Liabilities			
Interest bearing liabilities	146.9	483.3	483.3
Total non-current liabilities	146.9	483.3	483.3
Tax liability	3.3	2.2	0.4
Accrued expenses	8.0	25.2	3.2
Total current liabilities	11.3	27.4	3.6
Total equity and liabilities	1,042.8	1,010.4	987.8

Parent company statement of changes in equity

MSEK	
Opening balance 1 February 2013	500.7
Income for the period	-0.4
Other comprehensive income	-
Total comprehensive income	-0.4
Total transactions with the owners	-
Closing balance 30 June 2013	500.3
Opening balance 1 January 2014	499.7
Income for the period	-2.6
Other comprehensive income	-
Total comprehensive income	-2.6
New share issue	6.2
Set-off of shareholder loans (PIK notes)	381.3
Total transactions with the owners	387.5
Closing balance 30 June 2014	884.6

Parent company statement of cash flows

MSEK	Q2 2014	Q2 2013	H1 2014	Feb - June 2013
Operating activities				
Operating income	-5.8	-	-5.8	-
Adjustment for non-cash items	-	-	-	-
Paid finance items net	2.7	-1.1	4.3	0.5
Paid current income tax	3.3	-	-	-0.4
Cash flows from operating activities before changes in operating capital	0.2	-1.1	-1.5	0.1
Changes in operating receivables	-	-0.3	-	-
Changes in operating payables	13.8	1.1	27.7	-0.4
Cash flows from operating activities	14.0	-0.3	26.2	-0.3
Investing activities				
Acquisition of subsidiaries	-	-532.7	-	-532.7
Lending to subsidiaries	-11.7	-451.3	-22.9	451.3
Cash flows used in investing activities	-11.7	-984.0	-22.9	-984.0
Financing activities				
New share issue	6.2	501.0	6.2	501.0
Borrowing	-	483.3	-	483.3
Cash flows from financing activities	6.2	984.3	6.2	984.3
Cash flows for the period	8.5	-	9.5	-
Cash and cash equivalents at beginning of the period	1.0	-	-	-
Cash flows for the period	8.5	-	9.5	-
Cash and cash equivalents at the end of the period	9.5	-	9.5	-

Notes to the condensed consolidated financial information

Note 1. Principles of accounting

Scandi Standard applies International Financial Reporting Standards (IFRS) as adopted by the European Union. This report has been prepared in accordance with IAS 34, Interim Financial Reporting, and ÅRL, the Swedish Annual Accounts Act and recommendation RFR 1, Accounting for legal entities, issued by the Swedish Financial Reporting Board. There are no changes in the Group's accounting and valuation principles compared with the accounting and valuation principles described in Note 1 of the Annual Report 2013.

Note 2. Segment information

Scandi Standard's business is operationally divided into the countries of Sweden, Denmark and Norway

Internal reporting to Group Management and the Board corresponds with the Group's operational structure. The division is based on the Group's operations from a geographic perspective. Those countries where business is operated equals the Group segments. The segments are managed on the basis of sales and operating results. The responsibility for the Group's financial assets and liabilities, provisions for taxes and pensions, gains and losses on the re-measurement of financial instruments according to IAS 39 and pension obligations according to IAS 19R are dealt with by the corporate functions and are not allocated to the segments. All capital expenditure on property, plant and equipment and intangible assets, apart from expendable equipment, is included in the segments' investments.

Segment Sweden comprises the companies Kronfågel AB, SweHatch AB and AB Skånefågel. SweHatch engages in the rearing, production and hatching of day-old chickens for Kronfågel AB's breeders and other small players in the Swedish market. Kronfågel AB is the segment's largest business engaged in slaughtering, production and development of fresh and frozen chicken products, mainly for the Swedish market. AB Skånefågel slaughters and sells products for the Swedish market and export.

Segment Denmark comprises Danpo A/S and the associate Farmfood A/S. Danpo slaughters, produces, develops and processes chicken products for both the Danish market and exports within Europe and to Asia. Farmfood processes slaughterhouse byproducts from the Group's different segments, mainly for use in pet food sold in the international markets.

Segment Norway comprises Den Stolte Hane Jæren AS, Den Stolte Hane Egg AS and Scandi Standard Norway AS. In addition there is an associate Naerbo kyllingslakt AB. The segment consists of two parts - the production, processing and sale of chicken products and the packing of eggs in the segment's own egg packing facility. Both types of product are sold in the Norwegian market. The segment also handles and sells small quantities of turkey and duck.

Note 3. Scandi Standard AB pro forma accounts 2013

The Scandi Standard group was created on 3 June 2013. The Group's first annual accounts provide financial figures for the development of the remaining part of that year and do not include a full twelve-month period. The purpose of the pro forma accounts 2013 is to show what the results would have been if the Group had been formed on 1 January 2013 instead. The pro forma accounts have been created as an illustration of:

- The individual companies (estimated) financial results for the period January – May 2013, i.e. to the period up until the actual creation of the Group.
- The real financial results for the period June – December 2013.
- The Group's balance sheet for 2013 is considered to be the same as shown in the company's annual account.

The pro forma accounts describe a hypothetical situation and have only been developed for illustrative purposes. Any potential synergy effects have not been considered and no further combination or transaction costs in addition to those described in the annual accounts have been added. The pro forma accounts shall not be seen as an indication of how the Group will perform going forward. All supportive financial information has been prepared according to IFRS as adopted by the EU. The pro forma accounts have also been prepared in accordance with the accounting principles as described in the company's annual account for 2013.

Pro forma adjustments

According to IFRS, the fair value of acquired assets and liabilities are measured on the acquisition date (purchase price allocation). Acquired values that do not relate to identifiable assets and liabilities are recognized as goodwill. In Scandi Standard's purchase price allocation, parts of the value have been attributed to customer and supplier relations, which are amortized over 10 years. In the pro forma financial statements such amortization has been made for the full year 2013 with the assumption that the value of the assets was the same as at actual acquisition date.

Adjustments in the financial statements according to IFRS have also been made regarding financial instruments (IAS39) and pensions (IAS19R) in accordance with applicable rules and practices.

As the financial situation of the Group changed significantly in conjunction with its establishment, adjustments for interest rates have been done in the financial statements. There, adjustments have also been made for actual interest rates existing during the period up until June 2013.

For a more detailed description of the Group as a whole and the establishment of the same, as well as the constituent companies, refer to the consolidated annual report for 2013.

Note 4. The Group's financial assets and liabilities measured at fair value

New credit facility

As of 2 July 2014, a new five-year loan arrangement with a coalition of banks (the "new credit facility") was available to refinance the existing debt in the Company and to ensure financing of the operations.

The new credit facility consists of a term loan of 750 MSEK in combination with a revolving credit facility of 750 MSEK and an overdraft facility of 400 MSEK. The new credit facility is conditional upon Scandi Standard fulfilling certain customary financial covenants, including that certain key financial indicators, such as net debt/EBITDA and interest coverage ratio, do not deviate negatively from certain levels specified in the agreement. The new credit facility is not secured, but is subject to customary negative undertakings, including not to pledge the Company's assets and restrictions regarding indebtedness in the Company's subsidiaries and divestments.

As of 30 June 2014 the old financing was reported as a non-current liability as it was replaced by the new credit facility. This reflects the continuity of the Company's financial position that is manifested by the new non-current facility. The capitalized arrangement fees of the old financing amounted 51.0 MSEK and was expensed in the quarter.

Other interest-bearing liabilities

During the second quarter, Scandi Standard had two kinds of interest bearing debt to shareholders.

The loan from Lantmännen was repaid out of the new credit facility on 2 July 2014 and appeared on the balance sheet as of 30 June at a value of 147.2 MSEK including accrued interest.

The PIK note loans to all shareholders were converted to ordinary shares on 27 June for a value of 381.3 MSEK including accrued interest and therefore does not appear on the balance sheet as of 30 June.

None of these loans exist as of 2 July. As of 2 July, the company is financed by the new credit facility and shareholders' equity.

Derivative instruments and hedge accounting

Holdings of financial derivative instruments comprise interest rate swaps, interest rate caps and currency forward contracts. Derivative instruments are carried at fair value and the result of the re-measurement affects the income statement when the derivative does not qualify for hedge accounting. Hedge accounting may be applied if certain criteria are met with regard to documentation of the hedge relationship and the hedge effectiveness. Financial instruments that are hedging instruments hedge either an asset or a liability, a net investment in foreign operations or are a hedge of an actual or forecast transaction. IAS 39 defines three different hedging relationships: cash flow hedges, hedging of net investments and fair value hedges. Scandi Standard currently only applies cash flow hedging and hedging of net investments.

Equity hedging of translation exposure

Translation exposure is the effect of changes in exchange rates when foreign subsidiaries' income statements and statements of financial position are translated into the Group's reporting currency (SEK). Currency hedging of investments in foreign subsidiaries (net assets including goodwill on consolidation) is managed by means of loans in the subsidiaries' currencies, and is referred to as the equity hedge. These loans are recognized at the closing rate on the reporting date. In the company with the loans, exchange differences attributable to these loans (net of tax) are reported under other comprehensive income. The currency effect derived from the translation of the subsidiaries net assets that arises in the Group consolidation are also reported under other comprehensive income where it partly offset the currency effect in the company with the loans. At present, net investments in DKK and NOK are hedged.

Definitions

Operating capital

Total assets less cash and cash equivalents and non interest-bearing liabilities, including deferred tax liabilities.

Return on operating capital

LTM operating income divided by average operating capital.

Capital employed

Total assets less non interest-bearing liabilities, including deferred tax liabilities.

Return on capital employed

LTM operating income plus interest income divided by average capital employed.

Net interest-bearing debt

Interest-bearing debt excluding arrangement fees less cash and cash equivalents.

Conference call

A conference call for investors, analysts and media will be held on August 21 at 10.30 AM CEST.

The dial-in numbers are:

UK: +44 20 7153 9154

SE: +46 8-506 443 86

US: +1 877 423 0830

Confirmation code: 609597#

Slides used in the conference call can be downloaded at www.scandistandard.com under Investor Relations. A replay of the conference call will be available on the web site afterwards.

Further information

For further information, please contact:

Leif Bergvall Hansen, Chief Executive Officer, Tel: +45 22 10 05 44

Jonathan Mason, Chief Financial Officer, Tel: +45 22 77 86 18

Patrik Linzenbold, Head of Investor Relations, Tel: +46 708 25 26 30

Report for the third quarter

The interim report for the third quarter 2014 will be published on 28 November.

This interim report comprises information which Scandi Standard is required to disclose under the Securities Markets Act and/or the Financial Instruments Trading Act. It was released for publication at 08:00 CEST on 21 August 2014.

Forward looking statement

Some statements in this report are forward-looking, and the actual outcome could be materially different. In addition to the factors explicitly discussed, other factors could have a material effect on the actual outcome. Such factors include, but are not limited to, general business conditions, fluctuations in exchange rates and interest rates, political developments, the impact of competing products and their pricing, product development, commercialization and technological difficulties, interruptions in supply, and major customer credit losses.

Scandi Standard AB

Franzengatan 5

104 25 Stockholm

Reg no. 556921-0627

www.scandistandard.com